

April 7, 2025

Canada's homebuyers wait out trade war fallout

The chills the U.S. trade war has sent through participants in the housing market are getting frostier.

March saw more homebuyers retreating to the sidelines amid growing tariff threats—waiting to see what will happen to our economy next. This drove home resales down materially for a second straight time in many markets—reaching cyclically lows in southern Ontario, which is especially vulnerable to trade turbulence.

Several local real estate boards also reported weaker home prices in March including the Toronto region, Hamilton, Kitchener-Waterloo, Cambridge, Vancouver and Fraser Valley. Even in Calgary, prices flattened.

Property values are coming under pressure as inventories get more plentiful—stoking competition between sellers—while demand is skittish. Bargaining power has clearly shifted in the buyer's favour in Vancouver, Fraser Valley, Toronto and other southern Ontario markets like Hamilton, Kitchener-Waterloo, St. Catharines, Niagara Falls and Windsor.

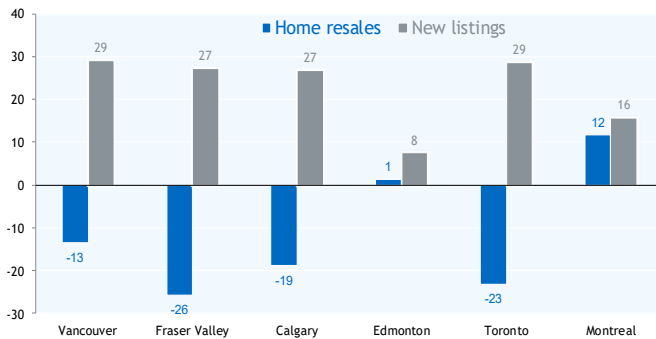
Prairie markets such as Edmonton, Saskatoon, Regina, and some in Quebec including Quebec City and the Atlantic region like St. John's seem to be holding up relatively well. But, they aren't immune to trade-induced anxiety. Resales fell in Saskatoon and Regina in March.

The [U.S. sparing Canada](#) additional tariffs last week could lift some of the fog that's been eroding market confidence and holding back activity. However, we don't see a meaningful rebound as long as trade uncertainty lingers.

Major market highlights: March 2025

Market activity

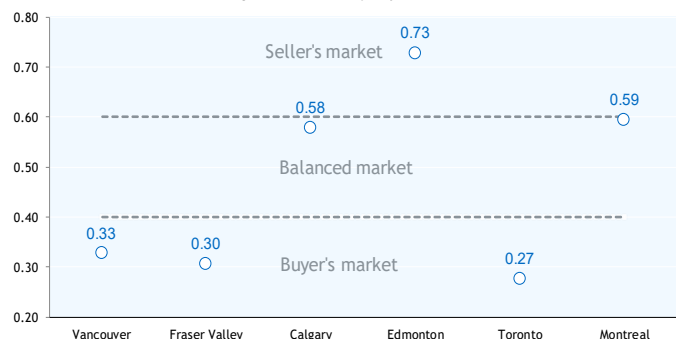
Annual % change, March 2025



Source: REBGV, FVREB, CREB, RAE, TRREB, QPAREB, RBC Economics

Demand-supply conditions

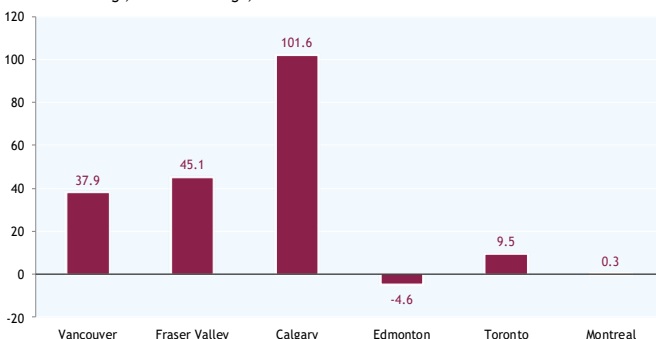
Estimated sales-to-new listings ratio, seasonally-adjusted, March 2025



Source: REBGV, FVREB, CREB, RAE, TRREB, QPAREB, RBC Economics

Inventories

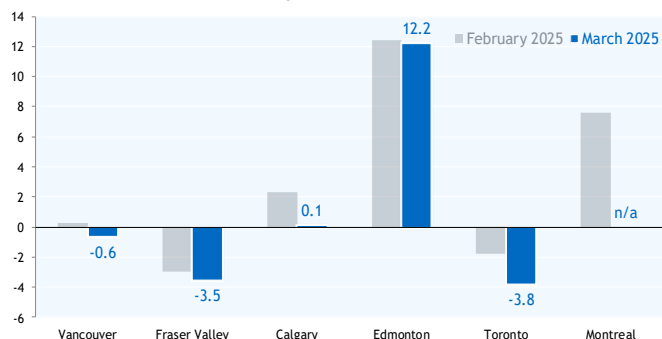
Active listings, annual % change, March 2025



Source: REBGV, FVREB, CREB, RAE, TRREB, QPAREB, RBC Economics

Home prices

MLS Home Price Index, annual % change



Source: REBGV, FVREB, CREB, RAE, TRREB, QPAREB, RBC Economics

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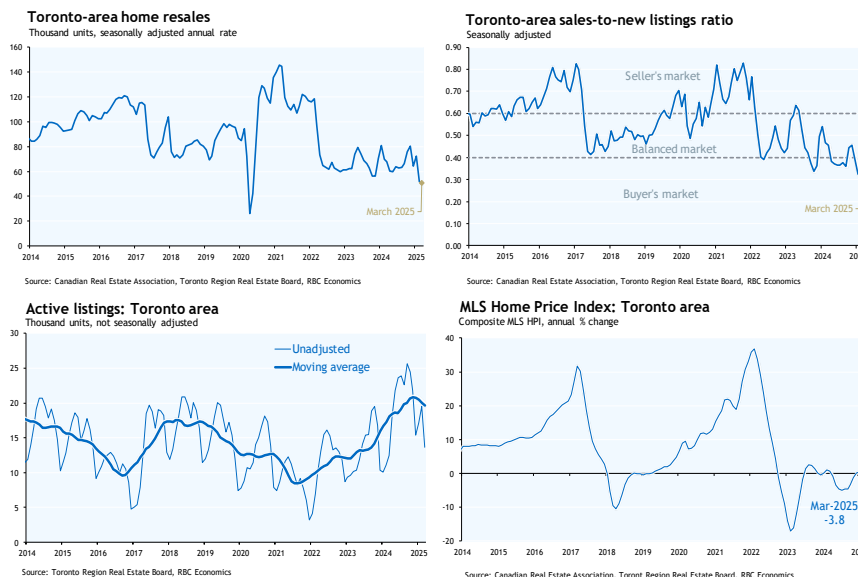
Toronto area: Prices fall as buyers pause

Buyers in the Toronto area have clearly opted to sit out the early Spring. March resales were the lowest since 1998, dropping more than 30% since the U.S. administration launched trade actions in February.

Anemic demand further softened market conditions to its weakest levels since the early 1990s—which were a very challenging period for Toronto's economy and the housing sector.

Significant increases in property listings over the past year have markedly boosted supply and put buyers in the driver's seat for setting prices. A wave of new condo completions contributed to this shift.

Property values have started to cave as a result. Toronto's composite MLS Home Price Index benchmark—stood at \$1.05 million in March—down \$35,000 (-3.2%) over the last three months. This included a \$15,000 (-1.4%) drop between February and March. The benchmark is 3.8% off its year-ago mark with condo prices accounting for much of the decline. We see prices continuing to fall as sellers make concessions to entice buyers back to the market while trade worries weigh on sentiment.



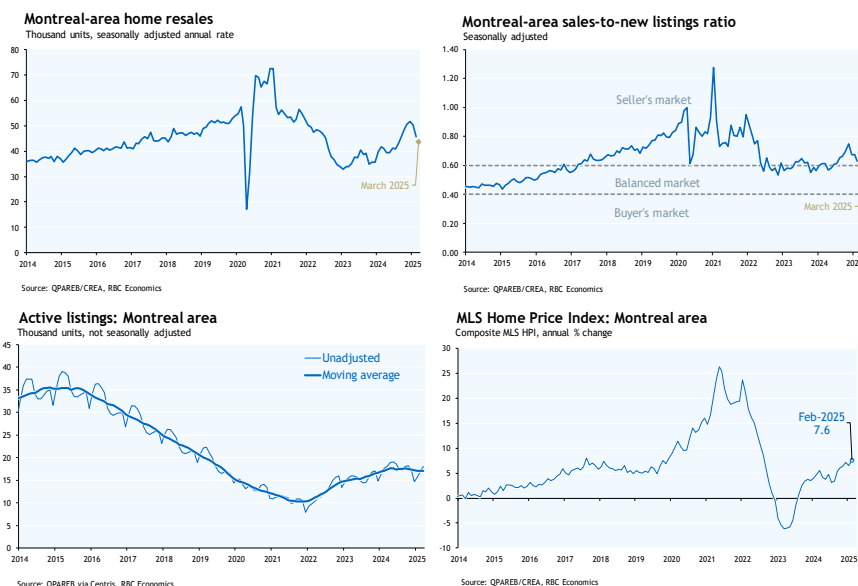
Montreal area: Veering off course

The trade war has knocked the Montreal area off the recovery track it had been on since 2023. March marked the third consecutive decline in home resales, down an estimated 4% from February and 15% from December (seasonally adjusted).

This effectively rolls back the market's advance since the end of last summer.

The balance between supply and demand continues to ease, but it remains relatively tight. Earlier brisk demand and levelling of inventories maintains strong competition between buyers and provides support for prices.

Median prices for single-family homes and condo apartments are still on an upward trajectory—up 8% and 5% from a year ago, respectively. But, the pace has slowed in the last two months.



We expect price gains to moderate further as market heat dissipates more going forward. Any sizable economic shock from the trade war could accelerate this cooling.



Vancouver area: Trade war adds stress

As Canada's least affordable market, Vancouver tends to be highly sensitive to economic shocks—real or potential. It's no surprise, then, that the trade war has resulted in a measurable setback.

We estimate home resales are down 23% this year, including a 4% drop between February and March (seasonally adjusted).

This softening has shifted pricing power in the buyer's favour, also thanks to a sizable increase in supply (inventory has rebuilt markedly in the past year).

It's pushing home prices lower as well. Vancouver's MLS HPI has slipped for three straight months, with the composite benchmark reaching \$1.19 million in March—0.6% below where it was a year ago.

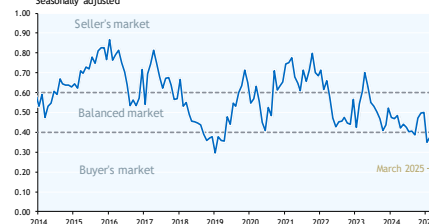
We think buyers will continue to use their power to drive prices even lower in the near term.

Vancouver-area home resales
Thousand units, seasonally adjusted annual rate



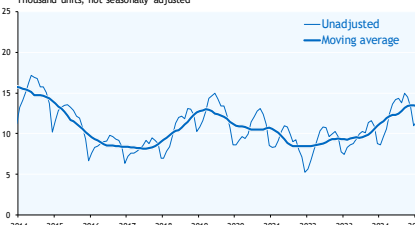
Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

Vancouver-area sales-to-new listings ratio
Seasonally adjusted



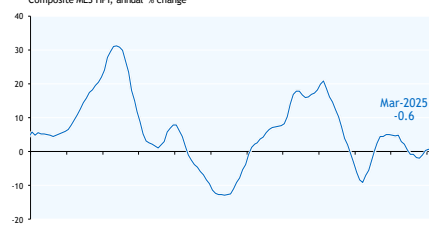
Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

Active listings: Metro Vancouver
Thousand units, not seasonally adjusted



Source: Real Estate Board of Greater Vancouver, RBC Economics

MLS Home Price Index: Vancouver area
Composite MLS HPI, annual % change



Source: Canadian Real Estate Association, Real Estate Board of Greater Vancouver, RBC Economics

Calgary: Losing momentum

Calgary's market strength continues to gradually ease. Tariffs have contributed to the moderation in activity lately by curbing buyer enthusiasm.

We estimate home resales fell more than 7% (seasonally adjusted) between February and March. That's on top of an 8% decline in January, bringing activity to its lowest level in more than four years.

Home price appreciation is also easing quickly. Calgary's composite MLS HPI has levelled off—up just 0.1% from a year ago.

With inventory rebuilding over the past year—thanks in part to strong housing construction—the market is now more balanced after being among the tightest in the country for the better part of the last four years.

We expect this balance will keep prices largely muted ahead.

Calgary home resales
Thousand units, seasonally adjusted annual rate



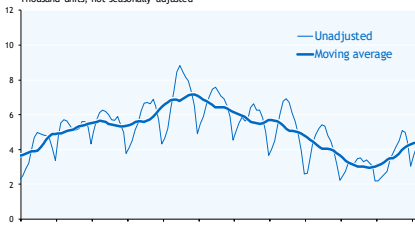
Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

Calgary sales-to-new listings ratio
Seasonally adjusted



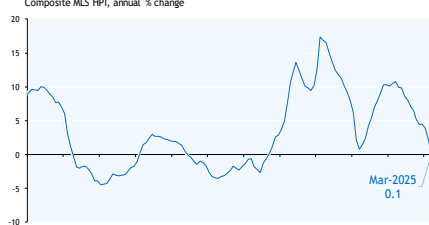
Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

Active listings: Calgary
Thousand units, not seasonally adjusted



Source: Calgary Real Estate Board, RBC Economics

MLS Home Price Index: Calgary
Composite MLS HPI, annual % change



Source: Canadian Real Estate Association, Calgary Real Estate Board, RBC Economics

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